

DATE: June 12, 2006

TO: Region Engineers
Region Delivery Engineers
TSC Managers
Resident/Project Engineers
Region Construction Engineers

FROM: Larry E. Tibbits
Chief Operations Officer

John C. Friend
Engineer of Delivery

SUBJECT: Bureau of Highway Instructional Memorandum 2006-06
Certified Payrolls, Wage Rates, and Employment Reporting on State and
Federally Funded Projects (Supersedes BOH IM 2004-18)

This memorandum changes the contractor and subcontractor requirements for employment (Form 1199) and wage reporting (certified payrolls) on state and federally funded projects. Beginning with the August 4, 2006 letting, certified payrolls and wage rate interviews will be required on state funded projects.

Weekly Certified Payrolls

The contractor and subcontractor will submit certified weekly payrolls covering their work forces to the delivery/project engineer on all state funded projects of \$10,000 or more that employ three or more people. Payrolls shall be submitted weekly for contract work performed during the preceding weekly payroll period. This is in addition to the existing requirement for submitting certified weekly payrolls on federally funded projects. Certified payroll information may be submitted in any format, providing that all of the information requested on U.S. Department of Labor Form WH-347 is included. This form is available on MDOT's Web site. The certified payroll requirements and submittals are the same, regardless of whether the project is state or federally funded.

Weekly Employment Report (Revised Form 1199)

The contractor and subcontractor will not be required to submit the Weekly Employment Report (Form 1199) to the delivery/project engineer. The Weekly Employment Report (Form 1199) will be revised to read "Annual Employment Report", and is to be submitted annually by the contractor and subcontractor when work is performed the last week of July. The contractor will send the revised Annual Employment Report (Form 1199) directly to the Business Development

Division, P.O. Box 30050, Lansing, Michigan, 48909. A shorter alternative to this report can be completed and submitted electronically through the Business Development Division Web site at the following address: <http://mdotwas1.mdot.state.mi.us/public/sblar/>. If the Web site is used, the paper form need not be completed. The Annual Employment Report (Form 1199) is not to be submitted to the delivery/project engineer.

Wage Rate Interviews

Wage rate interviews are required any time contractors and/or subcontractors are present throughout the life of the project for both state and federally funded projects. The contractor and subcontractor are to permit the delivery/project engineer and/or their representative to interview employees during working hours on the project. If a language barrier is encountered, employees of the contractor or subcontractor are not to assist in language interpreting. The services of a language interpreter are available to the delivery/project engineer upon request. Contact the Construction and Technology Support Area, Region Services Unit, Wage Compliance Specialist, for information about interpreter services.

Use the Minimum Wage Rate Interview Sheet (Form 1156) to document the wage rate interview. This form is available on MDOT's Web site. The delivery/project engineer will compare the wages documented on Form 1156 with the certified payrolls and prevailing wage rates published in the contract proposal.

Any deficiencies or discrepancies (i.e., an employee is not paid the prevailing wages and fringe benefits as stated in the proposal) must be resolved by the delivery/project engineer. If no resolution is reached within 30 days from the date of notification to the contractor, the delivery/project engineer will notify the Construction and Technology Support Area, Region Services Unit, Wage Compliance Specialist.

Biweekly progress payments for work completed by the prime contractor and/or subcontractor may be withheld, upon written notice from the engineer, for failure to comply with the contract prevailing wage requirements (Davis-Bacon and/or Michigan Prevailing Wage Rate Schedule) and for failure to submit weekly certified payrolls. Also, if the contractor or subcontractor fails to comply with the contract prevailing wage requirements, it should be noted in the contractor's performance evaluation for appropriate action. Project staff is strongly encouraged to complete and submit interim contractor performance evaluations regarding unresolved prevailing wage rate violation issues.

Notice to Bidders

Attached are two revised Notice to Bidders, which will be incorporated into all state and federally funded projects beginning with the August 4, 2006, letting.

Direct any questions to Ali Wellington, Wage Compliance Specialist, with the Construction and Technology Support Area's Region Services Unit, at 517-322-5317. Please share this information with consultants and local agencies within your area.

Chief Operations Officer

Engineer of Delivery

Attachment

BOHD:C/T:AW:kab

Index: Davis-Bacon Labor Compliance

cc: C & T Support Area Staff
M. DeLong
M. Van Port Fleet
J. Reincke
J. Culp
B. O'Brien
S. El-Ahmad
C. Rademacher
P. Sebenick
G. Moore
K. Reincke
T. Fudaly, FHWA
ACEC
APAM
CRAM
MAA
MCA
MCPA
MITA

NOTICE TO BIDDERS

CERTIFIED PAYROLLS

- A. Certified weekly payrolls covering the contractor's and subcontractor's work forces shall be submitted to the delivery/project engineer on all federally funded projects in accordance with CFR, Part 3, except these requirements shall not apply to any contract of \$2,000 or less, local force account projects, projects located on roadways classified as local or rural minor collectors, or projects located off the federal-aid highway system. Certified payroll information may be submitted in any format provided that all information requested on form WH-347 is included. Form WH-347 is available on the MDOT forms website.
- B. Certified weekly payrolls covering the contractor's and subcontractor's work forces shall be submitted to the delivery/project engineer on all state funded projects of \$10,000 or more and employing three or more people. The same payroll information is required on state funded projects as is required on federally funded projects.
- C. On contracts involving two or more projects and job numbers and the type of funding is mixed, the department puts only the wage rates issued by the U.S. Department of Labor in the proposal. Federal requirements apply.
- D. For projects where certified payrolls are required, Employment Report form 1199 is to be submitted by the contractor annually when work is performed the last week of July. Send form 1199 directly to the MDOT Business Development Division. A shorter alternative to this report may be completed electronically through the Business Development Division's Web site at the following address: <http://mdotwas1.mdot.state.mi.us/public/sblar/>. If the website is used the paper form need not be completed.

All payrolls submitted shall identify minority and female employees by preceding the name with an ethnic code notation. Ethnic code groups are (B) Black, (H) Hispanic, (N/A) American Indian, or Alaskan Eskimo, and (A) Asian or Pacific Islander. Use (F) for female.

All Payrolls shall also identify each employee's work classification, including level; i.e., Labor Group 1, 2, etc., Operating Engineer Group 1, 2, etc., Truck Driver Group 1, 2, etc.

Payrolls on state and federally funded projects are used for determining compliance with federal wage standard provisions and with Michigan Public Act 166 of 1965 - Prevailing Wages on State Funded Projects.

NOTICE TO BIDDERS

REPORT FORMS

Form Number:

1366 – “Contractor’s Affidavit of Indebtedness”

1367 – “Consent of Surety to Payment to Contractor”

The above listed forms will originate with the Construction Contract Section (Payment Unit of the Contract Services Division). They are sent out to the contractor upon receipt of a final estimate.

The contractor must execute form 1366 and forward along with form 1367 to their surety company for the surety’s consent. Both of these forms are then returned to Michigan Department of Transportation’s Contract Services Division. These forms must be submitted to Agreements/Payments/Purchasing Section before a final estimate is paid.

FHWA-47 – “Statement of Materials and Labor Used by Contractors on Highway Construction Involving Federal Funds”

This form (submitted by the contractor) is required before final payment for federal projects over \$1,000,000 on the National Highway System (NHS).

1120 – “Final Inspection/Acceptance and Certification Report”

This form will be initiated and submitted by the region engineer

1199 – “Employment Report”

Employment Report form 1199 is to be submitted by the contractor annually when work is performed the last week of July. Send form 1199 directly to the MDOT Business Development Division. A shorter alternative to this report may be completed electronically through the Business Development Division Web site at the following address: <http://mdotwas1.mdot.state.mi.us/public/sblar/>. If the website is used, the paper form need not be completed.

0125 – “Monthly OJT Program Report and Training Log”

Form 0125 is to be submitted by the contractor to MDOT, Small Business Liaison Office, and a copy to the delivery/project engineer when reporting the training record for the on-the-job training.

Biweekly progress payments for work completed by the prime contractor and/or subcontractor may be withheld, upon written notice from the engineer, for failure to comply with the contract prevailing wage requirements (Davis-Bacon and/or Michigan Prevailing Wage Rate Schedule) and for failure to submit weekly certified payrolls.

These requirements are supplemental to other required contract provisions contained within this proposal.